

LAW OFFICES

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May 15, 2008

RECEIVED

MAY 20 2008

PUBLIC SERVICE
COMMISSION

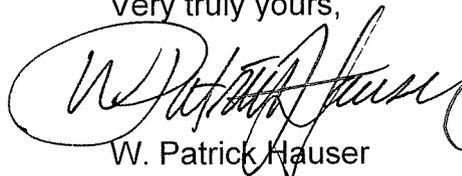
Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, KY 40602

Re: Public Service Commission
Case No. 2007-00378

Dear Ms. Stumbo:

Please find enclosed for filing with the Public Service Commission an original and six copies of Cumberland Valley Electric, Inc.'s Verified Response to the Order of the Public Service Commission entered May 1, 2008 in the above referenced matter.

Very truly yours,



W. Patrick Hauser
Counsel for Cumberland Valley Electric, Inc.

WPH/dd

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2007-00378

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COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIODS ENDING)
JUNE 30, 2006 AND DECEMBER 31, 2006, FOR)
THE TWO-YEAR BILLING PERIOD ENDING)
JUNE 30, 2007, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)

**CUMBERLAND VALLEY ELECTRIC, INC.'S
VERIFIED RESPONSE TO THE
ORDER OF THE PUBLIC SERVICE COMMISSION**

Comes now Cumberland Valley Electric, Inc., and pursuant to the Order of the Public Service Commission entered on May 1, 2008, submits its verified responses to the information requested by the Commission:

REQUEST NO. 1: Has your cooperative experienced any problems in administering its environmental surcharge pass through mechanism over the 2-year period under review in this case? If yes, explain in detail the nature of the problems and any suggested changes to cure the problems.

RESPONSE: No. 1: No. Cumberland Valley Electric, Inc. has not experienced any problems.

REQUEST NO. 2: Has your cooperative received any customer complaints regarding the environmental surcharge pass through mechanism during the 2-year period under review in this case? If yes, state the number of complaints received, the nature of each complaint, and the service classification of each customer making a complaint.

RESPONSE: No. 2: Our cooperative has not received any complaints about the environmental surcharge pass through mechanism. We have received general complaints about the environmental surcharge being on the bill. These were verbal complaints from customers classified as residential service. We did not record the number of complaints that were made.

REQUEST NO. 3: Does your cooperative believe that its environmental surcharge pass through mechanism has operated reasonably over the 2-year period under review in this case? If no, explain in detail.

RESPONSE NO. 3: Yes.

REQUEST NO. 4: Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism? If yes, explain in detail the nature of each change and the reasons why the change is needed.

RESPONSE NO. 4: Cumberland Valley Electric's power supplier, East Kentucky Power Cooperative, Inc. ("EKPC") has been made aware of the fact that some EKPC member systems are experiencing an under-recovery of the environmental surcharge from certain customer classes, or large customers, due to the pass-through mechanism. Since the impact of this situation varies among different member systems, EKPC is currently evaluating this issue in an attempt to identify possible changes in the allocation

methodology which would be equitable for all member systems and retail customers. It is hoped that some acceptable changes to the pass-through methodology can be developed within the next 60 days. EKPC plans to present any proposed changes to the pass-through methodology to the Commission for review at the earliest appropriate time.

CERTIFICATE

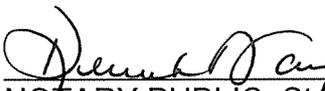
Robert Tolliver, Office Manager of Cumberland Valley Electric, Inc., states that he has supervised the preparation of the responses of Cumberland Valley Electric, Inc. to the Public Service Commission Data Requests in the above referenced case dated May 1, 2008, and that the matters and things set forth herein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



ROBERT TOLLIVER, OFFICE MANAGER

STATE OF KENTUCKY)
)
COUNTY OF KNOX)

Subscribed and sworn to before me by Robert Tolliver, Office Manager of Cumberland Valley Electric, Inc., on this the 16 day of May 2008.



NOTARY PUBLIC, State-at-Large
My Commission Expires: Jan 18, 2010



W. PATRICK HAUSER
P.O. Box 1900
Barbourville, KY 40906
606-546-3811
Attorney For
Cumberland Valley Electric, Inc.

CERTIFICATE OF SERVICE

Counsel certifies that true and correct photocopies of the foregoing Verified Response by Cumberland Valley Electric, Inc., was served by mailing a true and correct copy of the same, first class postage prepaid on the 16th day of May, 2008 to the following:

Original and Six (6) Copies to:

Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

Copies to:

Big Sandy Rural Electric
Cooperative Corporation
504 Eleventh Street,
Paintsville, KY 41240-1422

Bluegrass Energy Cooperative Corporation
1201 Lexington Road,
P.O. Box 990
Nicholasville, KY 40340-0990

Clark Energy Cooperative, INC.
2640 Iron Works Rd.,
P.O. Box 748
Winchester, KY 40392-0748

Farmers Rural Electric Cooperative Corporation
504 South Broadway
P.O. Box 1298
Glasgow, KY 42142-1298

Fleming-Mason Energy Cooperative
1449 Elizaville Rd.
P.O. Drawer 328
Flemingsburg, KY 41041

Grayson Rural Electric Cooperative Corporation
109 Bagby Park
Grayson, KY 41143

Inter-County Energy Cooperative Corporation
1009 Hustonville Rd.
P.O. Box 87
Danville, KY 40423-0087

Jackson Energy Cooperative
115 Jackson Energy Lane
P.O. Box 307
McKee, KY 40447

Licking Valley Rural Electric
Cooperative Corporation
271 Main Street
P.O. Box 605
West Liberty, KY 41472

Nolin Rural Electric Cooperative Corporation
411 Ring Road
Elizabethtown, KY 42701-8701

Owen Electric Cooperative
8205 HWY 127 N
PO Box 400
Owenton, KY 40359

Salt River Electric Cooperative Corporation
111 West Brashear Avenue
P.O. Box 609
Bardstown, KY 40004

Shelby Energy Cooperative, Inc.
620 Old Finchville Road,
Shelbyville, KY 40065-1714

South Kentucky Rural
Electric Cooperative Corporation
925-929 N. Main St.
Somerset, KY 42503

Taylor County
Rural Electric Cooperative Corporation
625 West Main Street,
Campbellsville, KY 42719



W. PATRICK HAUSER
ATTORNEY AT LAW